

Message Text

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ACTION EB-11

INFO OCT-01 ARA-11 ADP-00 GSA-01 OEP-01 INT-08 COME-00

TRSE-00 L-03 CIAE-00 DODE-00 PM-09 H-02 INR-10

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-12

CIEP-02 STR-08 EUR-25 OMB-01 RSR-01 /136 W
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R 091928 Z MAY 73

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC 9845

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EO 11652: N/A

TAGS: EMIN, BL

SUBJ: MINING AND METALLURGY: VINTO TIN SMELTER.

REFS: (A) LA PAZ 7123 OF DECEMBER 18, 1972; (B) LA PAZ 5035 OF
SEPTEMBER 6, 1972; (C) A-248 OF OCTOBER 27, 1972; (D)
A-274 OF OCTOBER 17, 1972.

SUMMARY: IN CONVERSATIONS LAST WEEKEND WITH MINMINES, RAUL LEMA
P., HIS BROTHER JORGE, TECHNICAL MANAGER ENAF, AND DCM, WEST
GERMANY EMBASSY, ECONOFF LEARED NEGOTIATIONS ALMOST CONCLUDED
BETWEEN REPRESENTATIVES OF ENAF AND FRG AND KLOCKNER HUMBOLDT
DEUTSCH (KHD) TO EXPAND CAPACITY OF TIN SMELTER FROM PRESENT
7,000 TO 20,000 METRIC TONS ANNUAL OUTPUT AT ESTIMATED COST
OF \$ US 8,000,000. END SUMMARY.

1. RECENT CONVERSATIONS WITH DCM WEST GERMANY EMBASSY AND
TECHNICAL MANAGER ENAF (EMPRESA NACIONAL DE FUNDICIONES) VINTO
TIN SMELTER INDICATE GOB/ FRG NEGOTIATIONS ON EXPANSION OF SMELTER
NEARLY COMPLETED. BOTH SOURCES INDICATE THAT EXPANSION WILL BE
FINANCE BY DIRECT FRG LOAN ON SOFT TERMS (ABOUT 20 OR 30 YEARS,
10 YEARS GRACE AT 2 PERCENT INTEREST). OFFICIAL AND FINAL
DECISION STILL PENDING CONCLUSION ECONOMIC/ FINANCIAL ANALYSIS BY
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KREDIT FUR WIEDERAUFBAU. ONE OF REMAINING DIFFICULTIES ALSO
APPEARS TO BE FRG CONCERN THAT GOB NOT INTERESTED IN FOLLOWING
BID PROCEDURES AND THAT KHD TAKING ADVANTAGRELY CONNECTED WITH THE HUNGARIAN
QUESTION. US AND NETHERLANDS REPS POINTED OUT THA THE PHRASE

WAS UNNECESSARY AND WHEN TURKISH REP (TULUMEN) ALSO OBJECTED, UK REP WITHDREW HIS PROPOSED AMENDMENT. GROUP THEN APPROVED TWO STATEMENTS AS PREVIOUSLY REPORTED IN VIENNA 3684, PARA 45.

7. ESTABLISHMENT OF WORKING GROUPS: US REP REVIEWED FOR BENEFIT OF UK REP FACT THAT GROUP HAD AGREED TO THREE- STEP DISCUSSION OF THE WORKING GROUP ISSUE (SEE VIENNA 3762, PARA 6 B). THE FIRST STEP WOULD INVOLVE A PROBE OF EASTERN VIEWS; THE SECOND WOULD INVOLVE ATTEMPTION TO GET THE EAST TO AGREE THAT A FINAL DECISION ON WORKING GROUPS WOULD BE POSTPONED TO THE NEGOTIATIONS; AND ONLY AS A LAST STEP WOULD THE WEST RESORT TO AGREEING THAT DECISIONS ON THIS MATTER COULD EITHER BE IN PRESENT CONSULTATIONS OR IN NEGOTIATIONS (SEE VIENNA 3762, PARA 6 B FOR TEXT). UK REP SAID THAT HE COULD AGREE WITH THIS APPROACH BUT HE COULD ALSO CONSIDER HAVING A WRITTEN STATEMENT ON WORKING GROUPS ADDED TO THE RECORD OF THE FIRST PLENARY MEETING. HE SAW NO OBJECTIONS TO THE ESTABLISHMENT OF WORKING GROUPS AND FELT THAT A STATEMENT WOULD HAVE THE ADVANTAGES OF GETTING THE WORD " CONSENSUS" REPEATED AND COULD BE USED FOR BARGAINING PURPOSES WITH THE SOVIETS WITHOUT DAMAGE TO WESTERN INTERESTS. GREEK REP (SEKERIS) SAID THAT, LEAVING ASIDE THE DEBATABLE VALUE OF REPEATING THE TERM " CONSENSUS" IN A WRITTEN STATEMENT, TO INCLUDE SUCH A WRITTEN STATEMENT WOULD BE GIVING THE SOVIETS SOMETHING FOR NOTHING. IT WOULD BE BETTER, GREEK REP ADDED, IF THE QUESTION OF WORKING GROUPS WERE NOT DECIDED NOW, SO WHY GIVE STATUS TO IT. UK REP FELT THAT EMISSARIES COULD MANEUVER TO GET THE CONCESSIONS FROM THE EAST MUCH IN THE SAME WAY THE SOVIETS HAD ARRANGED THE PRESENT SITUATION WHEREBY THE WEST IS PLACED IN A POSITION OF ADVOCATING A CARRY- OVER PROVISION. US REP ASKED WHAT PRICE THE WEST COULD ASK IN RETURN

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FOR AGREEING TO THE SOVIET PROPOSAL. UK REP REPLIED THAT THAT COULD BE DECIDED ONCE A REACTION IS OBTAINED FROM THE PROBE IN THE FIRST STEP.

8. FRG REP QUESTIONED THE VALUE OF HAVING A PROVISION FOR WORKING GROUPS IN THE WRITTEN RECORD OF THE FIRST PLENARY. TO DO SO WOULD ONLY MAKE IT APPEAR AS THOUGH THE WEST HAD GAINED THE RIGHT TO ESTABLISH WORKING GROUPS IN RETURN FOR THE SOVIETS GETTING THE RIGHT TO INVITE NEUTRAL OBSERVERS. THAT WOULD MAKE IT DIFFICULT TO GET ANYTHING ELSE. FRG REP SUGGESTED THEREFORE THAT EMISSARIES MAKE CLEAR THAT THIS QUESTION WOULD BE DECIDED IN THE NEGOTIATIONS. BELGIAN REP SAID THAT IDEA OF WORKING GROUPS DID NOT APPEAL TO HIM SINCE THE SOVIETS WOULD AUTOMATICALLY HAVE THE RIGHT TO RAISE SUCH A QUESTION AT ANY POINT. HE STILL DID NOT KNOW SOVIET MOTIVE FOR PROPOSAL. TOGETHER WITH THE CHAIRMAN, HE NOTED THAT IT WOULD BE MOST DIFFICULT TO EXPLAIN WHY A PROVISION FOR WORKING GROUPS WAS NOT MADE IN THE PROCEDURES PAPER ITSELF. ITALIAN REP SAID THAT HE AGREED WITH FRG REP ON THE NEED TO GET SOVIET AGREEMENT TO

LIMIT DECISIONS ABOUT WORKING GROUPS TO THE NEGOTIATIONS;
THERE WAS JUST NO POINT IN IDEA UNTIL SHAPE OF NEGOTIATIONS BECAME
CLEARER. US REP SAID THAT HE AND NETHERLANDS REP WOULD PURSUE
THIS LINE WITH THE EAST AT THE NEXT QUADRILATERAL.

9. FRG REP NOTED THAT SOVIETS COULD EXTEND DISCUSSION OF
WORKING GROUPS INDEFINITELY. US REP COMMENTED THAT THEY COULD
DO THIS EVEN WITHOUT A PROVISION FOR THE ESTABLISHMENT OF WORKING
GROUPS. UK REP POINTED OUT THAT THE WEST MIGHT ITSELF WISH TO
ESTABLISH WORKING GROUPS DURING THE NEGOTIATIONS. US REP THEN
PROPOSED NEW WORDING FOR AN ORAL STATEMENT TO BE DELIVERED
IN QUADRILATERAL MEETING AS FOLLOWS:" THE ARRANGEMENT ON
PROCEDURES AND PARTICIAPTION DOES NOT PRECULDE EITHER SIDE
FROM RAISING DURING THE NEGOTIATIONS THE QUESTION OF ESTABLISHING
WORKING GROUPS, IT BEING UNDERSTOOD THAT THIS QUESTION WOULD
BE DICIDED BY CONSENSUS." GROUP AGREED TO THIS TEXT FOR USE
AS INITIAL POSITION WITH THE EAST ON THE UNDERSTANDING THAT
ALTERNATIVE FALL- BACK WORDING COULD BE DEVELOPED. CANADIAN
REP ASKED WHETHER

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NMAFVVZCZ
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